

# **Business Plan for a Timber Processing Plant**

## **Pine & Eucalyptus Value Addition Facility**

**Mafinga Town, Njombe Region, United Republic of Tanzania**

### **Executive Summary**

This Business Plan is submitted to the Tanzania Special Economic Zones Authority (TISEZA) for the establishment of a timber processing plant located in Mafinga Town, Njombe Region. The proposed project focuses on value addition to locally sourced pine and eucalyptus timber, with primary emphasis on pine processing for export markets.

The plant will procure pine and eucalyptus logs from plantation forests within Njombe and surrounding regions. Pine logs will be processed into standardized cut sizes, kiln-dried to international export specifications, and exported primarily to the United Arab Emirates, Saudi Arabia, and India. A smaller proportion of eucalyptus will be processed for export, while the majority will be utilized in the manufacture of core products, ensuring optimal raw material utilization and waste minimization.

The project supports Tanzania's industrialization agenda by promoting local value addition, increasing foreign exchange earnings, creating employment, and strengthening sustainable forestry practices. Establishment within a Special Economic Zone under TISEZA will further enhance export competitiveness and regulatory efficiency. The project is commercially viable, environmentally responsible, and aligned with national and regional development priorities.

## **1. Business Overview**

### **1.1 Project Description**

The project involves the development of an integrated timber processing facility comprising log intake, saw-milling, precision cutting, kiln drying, core manufacturing, warehousing, and export logistics. The facility will operate as an export-oriented manufacturing unit under TISEZA.

### **1.2 Project Objectives**

- Add value to Tanzania's plantation forestry resources
- Produce export-grade kiln-dried pine timber
- Utilize eucalyptus efficiently through core manufacturing
- Generate foreign exchange through exports
- Create direct and indirect employment in Njombe Region
- Promote sustainable and responsible forestry practices

## 1.3 Legal Status

The project will be established as a limited liability company registered in the United Republic of Tanzania and licensed under TISEZA regulations.

## 2. Market Analysis

### 2.1 Industry Overview

#### **Pine Timber (Primary Product):**

Kiln-dried pine timber is widely used in construction, interior fit-outs, furniture manufacturing, and packaging. Markets in the UAE, Saudi Arabia, and India are heavily import-dependent and demand consistent quality, standardized dimensions, and controlled moisture content. Tanzanian pine is competitive due to its strength, workability, and cost efficiency once kiln-dried.

#### **Eucalyptus Timber & Core Products:**

Eucalyptus is suitable for core materials, engineered wood products, pallets, and industrial applications. Utilizing eucalyptus for core manufacturing improves margins and reduces waste while supporting diversified product output.

### 2.2 Target Markets

#### **Export Markets:**

- United Arab Emirates
- Kingdom of Saudi Arabia
- India

#### **Customer Segments:**

- Timber importers and distributors
- Construction material suppliers
- Furniture and joinery manufacturers
- Industrial and packaging users

### 2.3 Competitive Analysis

#### **Competitors:**

- Southern African exporters (South Africa, Zambia)
- Local Tanzanian sawmills with limited kiln-drying capacity

#### **Competitive Advantage:**

- Proximity to high-quality pine plantations

- Integrated kiln-drying and value-add processing
- Export-oriented operations under SEZ framework
- Competitive production and logistics costs

## **3. Products and Services**

### **3.1 Product Portfolio**

- Kiln-dried pine timber (standard export sizes)
- Limited export-grade eucalyptus timber
- Eucalyptus-based core products
- By-products (chips and offcuts)

### **3.2 Quality Standards**

- Moisture content controlled to export specifications
- Compliance with importing country phytosanitary requirements
- Consistent grading and packaging standards

## **4. Operations Plan**

### **4.1 Location**

Mafinga Town, Njombe Region, Tanzania – a major plantation forestry hub with established road connectivity to Dar es Salaam Port.

### **4.2 Facilities**

- Log yard and raw material storage
- Saw-milling and cutting lines
- Kiln-drying chambers
- Core manufacturing unit
- Finished goods warehouse
- Administrative and staff facilities

### **4.3 Machinery & Technology**

- Log debarkers and saw-milling equipment
- Precision cutting and sizing machines
- Energy-efficient kiln-drying systems
- Material handling equipment

#### **4.4 Raw Material Supply**

- Long-term supply agreements with pine plantation owners
- Selective eucalyptus sourcing from managed plantations

#### **4.5 Human Resources**

**Estimated Employment:** 40–60 employees

**Key Positions:**

- Plant Manager
- Production Supervisors
- Machine & Kiln Operators
- Quality Control Officers
- Logistics & Export Officers
- Administrative Staff

### **5. Marketing & Export Strategy**

- Export-oriented production under TISEZA
- Long-term supply contracts with buyers in UAE, Saudi Arabia, and India
- Competitive pricing through cost-efficient sourcing and processing
- Participation in international timber trade fairs

### **6. Environmental & Social Considerations**

#### **6.1 Environmental Management**

- Sourcing from plantation-grown timber
- Efficient kiln operations to reduce emissions

- Utilization of waste wood for core products or energy
- Compliance with national environmental regulations

## **6.2 Social Impact**

- Job creation for local communities
- Skills development and training
- Support for small-scale plantation owners

# **7. Financial Plan**

## **7.1 Capital Investment**

**Estimated Investment:** USD 3.5 – 5.0 million

Includes:

- Land development and infrastructure
- Machinery and kiln installation
- Utilities and power connections
- Working capital

## **7.2 Revenue Streams**

- Export sales of kiln-dried pine timber
- Sale of eucalyptus core products
- Sale of by-products

## **7.3 Profitability**

- Expected gross margins:
  - Pine timber: 30–40%
  - Core products: 20–30%
- Break-even period: 2–3 years

## **7.4 Funding Structure**

- Equity financing by promoters
- Limited debt for working capital

## **8. Risk Analysis**

### **8.1 Market Risks**

- Timber price volatility
  - Mitigation: Long-term export contracts

### **8.2 Operational Risks**

- Supply interruptions
  - Mitigation: Multiple suppliers and buffer stock

### **8.3 Regulatory Risks**

- Export and compliance requirements
  - Mitigation: Dedicated compliance team

## **9. Implementation Plan**

### **9.1 Project Timeline**

- Phase 1 (0–3 months): Licensing, land allocation, supplier agreements
- Phase 2 (3–8 months): Construction and machinery installation
- Phase 3 (8–14 months): Trial production and commissioning
- Phase 4 (14+ months): Full commercial operations

### **9.2 Key Milestones**

- SEZ approval by TISEZA
- Commissioning of kiln-drying units
- First export shipment
- 70% capacity utilization within first year

## **10. Conclusion**

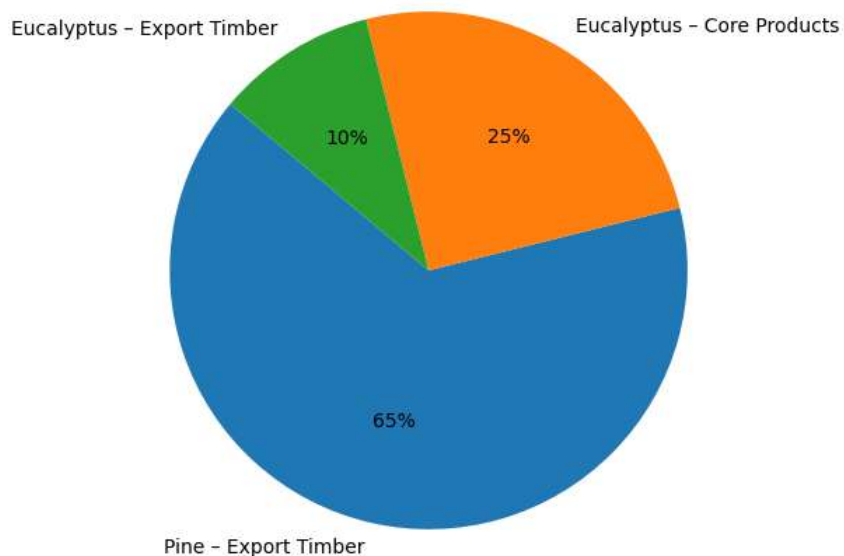
The proposed timber processing plant in Mafinga Town is a strategically important, export-oriented industrial project that aligns with TISEZA objectives and Tanzania's national development agenda. By focusing on value addition, exports, and sustainable forestry utilization, the project will

contribute to industrial growth, employment creation, and foreign exchange earnings. Approval and support under the TISEZA framework are therefore recommended.

---

## WORKFLOW GRAPHS

Raw Material Utilization Mix



Timber Processing Workflow - Pine Focus



---

## COMPANY PROFILE: REHMAN TIMBER INDUSTRIES (INDIA)

### Company Overview



REHMAN TIMBER INDUSTRIES  
Plywood, Doors, Furniture

Rehman Timber Industries is a distinguished leader in the timber, plywood, and door manufacturing sector, headquartered in Central India. With over four decades of expertise, the company has evolved from a small local enterprise into one of the foremost manufacturers in Central and South India. It serves as a trusted supplier of premium timber products, plywood, custom doors, wooden pallets, and high-quality furniture, with a growing reputation for innovation and reliability.

As a market pioneer, Rehman Timber Industries is synonymous with excellence, offering durable and aesthetically appealing products crafted with exceptional precision. The company's products are widely used across India in residential, commercial, and industrial projects, catering to a diverse clientele. Its steadfast commitment to quality, sustainability, and customer satisfaction has positioned it as a trusted partner in some of the nation's most prestigious construction and design ventures.

### Expertise and Product Range

Rehman Timber Industries boasts a versatile product range that meets the diverse needs of construction, interior design, and industrial logistics. Highlights include:

#### Timber Products

- Specializing in premium-quality timber such as teak, pine, and a variety of hardwoods and softwoods.
- Timber products are meticulously processed for superior strength, durability, and aesthetics, catering to both construction and interior applications.

#### Plywood

- High-grade plywood suitable for furniture, interior decoration, and structural applications.
- Available in various sizes and thicknesses, designed to meet residential, commercial, and industrial needs.

#### Doors

- **Custom Doors:** Tailored to client specifications, offering unique designs, sizes, and finishes.
- **Teak Wood Doors:** Renowned for their strength, elegance, and luxurious finish, ideal for high-end projects.
- **Pine Wood Doors:** Lightweight yet robust, blending traditional and modern aesthetics.
- **Laminated Doors:** Offering durability and diverse finishes, ideal for cost-effective yet stylish solutions.
- **Veneer Doors:** Combining natural wood beauty with cutting-edge manufacturing, providing a sophisticated, contemporary look.

- **WPC (Wood-Plastic Composite) Doors:** Durable, moisture-resistant, and eco-friendly, suitable for modern applications.

## Windows

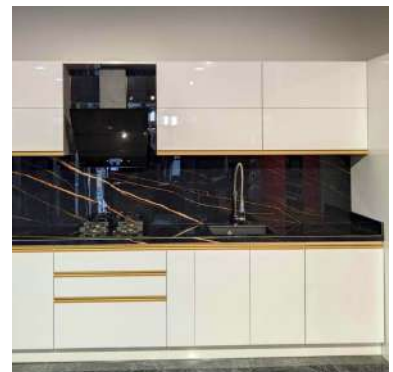
- **UPVC Windows:** Energy-efficient, low-maintenance, and customizable, ideal for residential and commercial projects.

## Wooden Pallets

- Durable pallets designed for heavy-duty applications in logistics, warehousing, and transportation.
- Available in standard and custom sizes, engineered for strength and longevity.

## Furniture

- Crafting premium furniture for residential and commercial spaces.
- A wide range of offerings includes elegant living room pieces, ergonomic office solutions, and custom-designed furniture to meet unique client requirements.



## State-of-the-Art Manufacturing Facility

- **Total Area:** 43,300 sqm.
- **On-Site Warehousing/Storage Capacity:** 12,000 sqm.
- **Production Capacity:**
  - 500 standard doors/day
  - 1,000 plywood sheets/day
  - 5,000 wooden pallets/day
- **Labor Force:** 50-100 skilled professionals.
- **Machinery and Equipment:** Includes CNC machines, routers, bandsaws, wood planners, edge-bending machines, mortising machines, panel saws, hot and cold presses, pre-hung door plants, modular kitchen plants, and a comprehensive millwork facility.



## Commitment to Quality and Sustainability

Rehman Timber Industries is synonymous with unparalleled quality. Every product undergoes stringent quality checks throughout the manufacturing process to ensure consistency, durability, and aesthetic excellence. Advanced machinery and cutting-edge technologies are employed to maintain the highest standards.

The company prioritizes sustainability by sourcing timber and plywood from certified, responsibly managed forests. Its eco-conscious approach reflects a commitment to reducing environmental impact while delivering superior products. Rigorous testing ensures all products excel in durability, moisture resistance, and structural integrity, meeting the demands of diverse applications.

## Vision for the Future

Rehman Timber Industries is driven by a vision to expand its market leadership, embrace innovation, and contribute to the sustainable growth of the timber and construction industries. With

a legacy of excellence and a forward-looking approach, the company is poised to scale new heights in both domestic and international markets.

### Our Clients:



Government of Madhya Pradesh



MPMETRO



ADITYA  
construction company  
Creating Landmarks  
An ISO 9001:2008 Company



HOTELS & RESORTS  
Your host in the heart of India  
www.mpstdc.com



INDIA'S LARGEST NEWSPAPER GROUP



NOOR-US-SABAH  
RESIDENCY



SAGAR  
POSSIBILITIES : UNLIMITED



BANSAL  
GROUP



JEHAN NUMA GROUP OF HOTELS



HEG LIMITED



Azim Premji  
University



THE BASMATI SPECIALIST



EICHER



Apollo Sage  
HOSPITALS



SAGE  
UNIVERSITY  
INDORE



HOTELS · RESORTS · SUITES



The  
SAGE  
GROUP



CPWD



NAHAR INDUSTRIAL ENTERPRISES LIMITED



M/s Agrawal  
Construction Co.

And More.